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STATE FOR SCA A/S BOUCHER, FRANKFURT FOR GEETA PASI

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TAGS: PREL PTER KISL KDEM BG

SUBJECT: WELCOME TO SCA: THE BANGLADESH AGENDA

Classified By: A/DCM D.C. McCullough, reason para 1.4 d.

Something to Sing About

¶1. (C) It's not George Harrison's Bangladesh anymore. Major advances in health, education, and food security have given Bangladesh a stability and a future that seemed unthinkable just 20 years ago. Bangladeshis are tolerant, moderate people who generally live at peace with their Hindu and Christian neighbors. They fought hard to end military dictatorship, and are proud of their democracy. Annual economic growth is a solid 5-6 percent, and, according to Citibank, there are eight million Bangladeshis with an annual income of at least \$10,000. Goldman Sachs touts Bangladesh as one of the world's top 11 developing economies. Media scrutiny of the government's chequered handling of the Jamaatul Mujahidin Bangladesh terrorist campaign has been vigorous and even distinguished. Contrary to alarmists in the political opposition and India, Bangladesh is not on the verge of becoming a failed, Taliban-style state.

¶2. (C) And yet, the refrain is strained because virtually every key trend is negative or, like economic growth, inadequate for a population shooting toward 250 million people by the year 2050, all in a land mass slightly smaller than Iowa. Corruption has probably never been worse, and escalating politicization of the police, civil service, universities, judiciary, and, more gradually, the military erodes governance and democratic concepts. Bangladesh is no longer dependent on foreign aid, but the big donors -- the World Bank, the Asian Development Bank, the United Kingdom, Japan, and then the U.S. -- still provide critical support to the government's annual development program.

¶3. (C) The crux of Bangladesh's problems -- and the threat to every USG interest here, from trade to terrorism -- is a dysfunctional political system driven by two dueling matriarchs, Prime Minister Begum Khaleda Zia of the Bangladesh Nationalist Party and Awami League president Sheikh Hasina. Their politics is anything goes, winner-take-all combat. Political violence is common and usually unpunished. Electoral strategies center not on building bridges to important constituency groups, like the private sector or farmers, but on backroom deals with other politicians selling their support to the most compelling

bidder. "Muscle men" and "black money," Bangladeshis lament, have sapped the appeal and soul of both parties.

¶14. (C) Islamists offer frustrated Bangladeshis a simplistic solution, Sharia law. Some, like Jamaatul Mujahidin Bangladesh (JMB), are revolutionary, while others, like Jamaat Islami, claim to be evolutionary. Many Bangladeshis uncomfortable with the Islamists' historical ties to Pakistan, and their attitudes about women and culture, are nevertheless appreciative of the Islamists' reputed incorruptibility and their social welfare programs.

Ironically, Jamaat Islami, the main Islamist party, is internally more democratic, meritocratic, and issue-based than its mainstream rivals. Like any party in government, it exploits its position to place its supporters in the bureaucracy and, to some extent, the military. Jamaat Islami is a late convert to democratic constitutionalism, but it appears committed to the political process, at least until it hits an electoral plateau. Given the huge challenges it faces to raising its national vote total above 10 percent, Jamaat Islami could face that crossroads as early as the 2012 election.

¶15. (C) Following a belated government crackdown, JMB's dramatic collapse since its last and deadliest attack on December 9 suggests JMB lacks the battleground resiliency of, say, its Pakistani counterparts. Or, according to the Awami League, it proves the government is JMB's puppet-master. Either way, only time will tell if JMB's attacks were an isolated episode or the opening of a longer campaign. With the immediate crisis apparently over, political attention is reverting to the general election expected in January 2007.

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¶16. (C) The BNP/Jamaat Islami coalition is set to stay in office until it hands over to the 90-day Caretaker administration in October. The United Kingdom, the European Union, Canada, and Australia share our concerns about the potential for electoral turbulence. Along with UNDP, we are working together to promote political party professionalism and a successful election. The 2007 election will be the most monitored in Bangladesh's history.

The USG Agenda for the Next Nine Months

¶17. (S) Per our Mission Performance Plan, our top four goals are:

A) Counter-Terrorism: There are unsubstantiated reports that the Pakistan-based, al-Qaida affiliated Lashkar-e-Tayyaba has tried to establish a presence in Bangladesh. There is also mostly speculative reporting on Indonesian, Thai, Burmese, and northeast Indian terrorist links to Bangladesh.

Persisting concerns about possible attacks on Peace Corps volunteers led to the indefinite suspension of the program on March 12. There is no doubt that Bangladesh is vulnerable to terrorist exploitation, especially as a safehaven. It has weak intelligence and law enforcement agencies, porous borders, endemic corruption, a small but sympathetic Islamist fringe, proximity to problematic parts of the world, and a government that fears the domestic and international complications of acknowledging that terrorism might exist in Bangladesh. With the notable exception of the 2004 grenade attack in Sylhet that seriously injured the British high commissioner, there have been no attacks on foreigners.

-- Positive Developments: The duration and extent of the JMB crackdown has been a surprise to those who doubted the government's capacity to act effectively. Bangladesh now adheres to 12 of the UN's 13 UN counterterrorism conventions.

The Bangladeshi central bank has established a basic enforcement framework for the country's anti-money laundering law. With major USG input, draft legislation to combat terrorist financing and bolster anti-money laundering

provisions is moving forward.

-- Watch For: Does JMB strike back? Do senior JMB leaders go to trial? Are there embarrassing revelations about JMB-BNP/JI linkages? Does the government address/investigate/punish the senior police officers and the four BNP leaders who protected Bangla Bhai during his group's vigilante reign of terror in northwestern Bangladesh in 2004?

B) Democratic Practices: We want elections whose outcome is broadly accepted as accurate and legitimate. We urge the opposition to exercise, not surrender, its democratic rights and to use democratic means, not strikes and street violence, to advance its interests. The BNP, we say, must allow the opposition to function effectively and fairly. Our focus is on principles and international standards; we leave the details -- like who becomes the Chief Election Commissioner or how the Caretaker regime is structured -- to the Bangladeshis.

-- Positive Developments: After an 18-month boycott as part of its broader opting out of the political process, the Awami League returned to parliament in February to pursue its demands for major electoral and Caretaker regime changes. PM Zia proposed a bipartisan committee to pursue the matter. Party leaders are giving mixed signals about their willingness to launch such a committee, but both sides are at least now trying to appear interested in dialogue and resolving disputes.

-- Watch For: Does the BNP, through "false" criminal cases against political rivals, police intimidation, and transparent rigging of the electoral machinery, confirm that it will do whatever it can get away with to win? Does the Awami League stick to its threat to boycott the election if its reform proposals are rejected? Can the Awami League finally find an issue and a strategy to build political

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momentum against the BNP? If the BNP becomes the first Bangladeshi government ever to win re-election, does the problematic heir apparent of PM Zia, her corrupt son Tarique, move to take over as expected before the next election? If the Awami League loses, how loudly does it cry foul, and how does it cope with internal tensions arising from the prospect of ten years out of power?

C) Economic Growth: Despite robust economic growth rates, the economy suffers from extreme manifestations of common third world deficiencies in governance, infrastructure, transportation, telecommunications, due process, inconsistent and opaque government decision-making, and, of course, corruption. Deteriorating availability of electricity, water, fertilizer, and fuel supplies are, in concert with rising commodity prices, a major problem for the BNP.

-- Positive Developments: Fears of massive layoffs and losses in the garment industry after the end of Multi-Fiber Arrangement export quotas in 2005 failed to materialize, at least for now. Instead, Bangladeshi garment exports actually rose 27 percent. USAID-assisted efforts to diversify exports have come in well above target, especially in frozen shrimp.

-- Watch For: The extent of election-related violence, disruptions, and costs on economic activity.

D) Respect for American Values: Virtually every Bangladeshi Muslim opposes USG policies in Iraq and Afghanistan, and many see the war on terror as anti-Muslim. However, Americans remain generally well regarded as people, and the bilateral relationship is relatively straightforward and positive, free of cold war or regional political baggage. Bangladeshis view the suspension of the Peace Corps program with regret, not bitterness. Our public diplomacy programs emphasize shared values, respect for religion, tolerance, and the danger to

all of extremism and terrorism.

-- Positive Developments: On March 14-16, the fifth-annual "America Week" was held in Chittagong, Bangladesh's second largest city, to showcase to about 8,000 visitors in a fair-like setting the variety of USG programs and partnerships in Bangladesh. Last December, the son, daughter, and widow of Archer Blood, the U.S consul general in Dhaka who in 1971 pioneered the dissent channel to protest Pakistani genocide during the war of independence, attended the launching of the Archer Blood American Center Library to honor the memory of one the best-loved Americans in Bangladesh.

-- Watch For: In April, still the most popular American in Bangladesh, retired Marine Corps general Henry Stackpole, will return to Bangladesh to commemorate the 15th anniversary of "Operation Sea Angel," whose relief efforts after Cyclone Marine are credited with saving the lives of over 140,000 Bangladeshis.

Trump Card

¶8. (C) As we pursue USG interests in Bangladesh, our trump card is that no country -- not India, Saudi Arabia, Kuwait, the UAE, or China -- casts as broad a shadow here as the United States. The visible trappings of a successful relationship with the USG are important to any Bangladeshi government as a recognition of its legitimacy and acceptance of its policies; this is why the BDG badly wants Millennium Challenge Account support, and why PM Zia would jump on an airplane tonight for a White House visit. If deftly played, the "shame" card can produce notable benefits, like the BDG's crackdown on human trafficking in 2004 and its banning of JMB and another extremist Islamist group in early 2005. However, if a USG demand were viewed as jeopardizing a core BNP interest, like its electoral standing, the BNP believes that the geographical breadth of its trade and investment relationships, and the lack of Western appetite outside of Washington, London, and maybe Ottawa for political confrontation with Dhaka, effectively insulates it from major external pressure.

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¶9. (S) The last PCC on Bangladesh recognized the great importance of regularly sending senior USG officials to Dhaka to hammer away on key points with the BDG and the Bangladeshi public. The BDG revolves around competing personal relationships and proximity to the prime minister, so there is no substitute for personal, direct contact when communicating potentially problematic messages to a government increasingly preoccupied with elections.

¶10. (U) We hope to have the opportunity to receive you in Dhaka in the near future.

CHAMMAS